Newark-Housing Anthority-Misc.

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HOUSING AUTHORITY OF THE CITY OF NEWARK

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SPECIAL REPORT

on the Development and Operation of STEPHEN CRANE VILLAGE a Low-rent Public Housing Project

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Frank B. Wonrich 57 Sussex Avenue Newark, 4, New Jersey SPECIAL REPORT on the Development and Operation of

STEPHEN CRANE VILLAGE

a LOW-RENT PUBLIC HOUSING

PROJECT

The purpose of this report is to review the development and operation of Stephen Grane Village by the Housing Authority of the City of Newark, under the provisions of the United States Housing Act of 1937 and the New Jorsey Local Housing Authorities Law of 1938. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

PROJECT DESCRIPTION

Stephen Crane Village is located on Franklin Avenue in Hemark, New Jarsey.

The project consists of 554 row houses in 27 two-story brick buildings. There is also a Community hall and Administration building containing heating plant, office, meeting rooms a health clinic, baby-keepwell station and a branch of the public library.

The distribution of dwelling units by size is as follows:

3 rooms		1	Bedroom	68	68 units			
	3분		1	*	68	-	238	,
	4	*	8	•	_	10		t
	4 <u>1</u>	*	2		167	10	661급	1
	5	я	3			11		,
	51	11	8		71		3908	

The project has an area of about 14.28 agres. Only 21.7% of the land is covered by buildings. The population density is 24.82 families per acre.

Of the project grounds, about one-quarter is surfaced for play and sitting areas. Most of the balance is landscaped and is maintained by the temants and the project staff. The janitorial work is done by temants and the project staff. Interior and exterior painting is done by the Central maintenance staffs.

Gas for cooking, electricity for lighting and refrigeration, deam hoat and hot and cold mater are furnished by the project and included in the dwelling rontals.

Construction of the project was completed in January, 1941 and it has been fully eccupied by 354 White families since April 1, 1941.

CUTLINE OF SPECIFICATIONS

The specifications for Stophon Crane Village required substantial and durable construction:

Foundations

Structures are on rigid concrete and pile foundations

Concrete and Tile site drains.

Exterior Walls

Common Brick; free standing wood furring; interior plaster on rock lath.

Interior Partitions

Wood studs, plastor.

Plastering

All walls and coilings - plaster on rock lath.

Vortical plastor angles have metal corner boads.

Floors

First floor - wood boams and oak floors

Second floor - " " " "

Lincloum floor finish in bathrooms and kitchons.

Woodwork

Wood doors, interior stairs and roof joists.

Wood sash

White pine trim throughout

Motal Work

Coppor flashing

Roof Finish

Four-ply slag surface

Plumbing

All piping, brass

Fixtures of standard make

Heating

Central heating low-pressure vapor-vacoum system.

Underground distribution.

Oil burners coverted to ocal.

Electrical

Armored cable in all units.

Underground distribution.

Materproofed covered wire.

Painting

All woodwork - 3 coats of lead and oil.

Interior plaster - 2 coats of casein mall paint.

Kitchens and bathrooms - last coat, emanel,

Equipment

Each dwelling unit has electric refrigerator, gas range, combina-

tion sink and tub, wood kitchen cabinets, metal medicine cabinet,

toilet, lavatory, bath-tub, shades and screens.

Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas.

CONSTRUCTION COST

The Net Construction Cost of Stephen Crane Village was \$2,856 per dealling unit. This figure, comprising structural, plumbing, heating, and alcotrical costs, most closely approximates the private residential construction costs entered in applications for building permits. A provision of the United States Housing Act of 1837, applicable to this item, is that the cost of the project be lower than the "average construction cost of welling units currently produced by private enterprise in the locality."

According to building permit records compiled by the Dureau of Labor Statistics of the U.S. Department of Labor, 3536 dwelling units were privately built in Hemark during the years 1929 to 1938. The sedian permit value of these units was \$4,007 so that the Net Construction Cost of \$2,866 per dwelling for the project, was far below the private construction average,

The Dwelling Facilities Costs for the project were \$3,455 per dwelling unit and \$615 per room. In addition to the Net Construction Cost, these amounts include \$670 per dwelling unit, which is the cost of dwelling equipment such as ranges, refrigerators, shades, screens, etc., architects and engineers fees, and the local housing authorities applicable administrative costs, marrying charges and contingent expenses.

The Dwelling Pacilities Costs for the Project were lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to those items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of non-dwelling facilities, consisting of site impresents and non-dwelling buildings, spaces and equipment, were \$1,264 per dwelling unit, including the overhead applicable to these categories. Adding this amount to the Dwelling Facilities Cost, the Total Cost of New Housing for Stephen Crane Village, was \$6,877 per dwelling unit.

In comparison with an ostimated average value of \$5,650 for all new homes insured by the Paderal Housing Administration in New Jersey in 1939, the year in which the contract for the project was awarded, the Total Cost of NewBousing of \$4,677 per dwelling, for the project, is low.

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively lemenast. In a precise evaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 60 years, at least. As the Outline of Specifications indicates, its construction is unusually sound and durable. Moreover, all workers employed in the construction of the project were paid prevailing wages.

Any valid, obtained comparison of project costs with other construction costs must be made with reference to buildings of the same type, previding comparable accommodations of equal durability, built according to similar specifications, with good materials and sound construction, by labor receiving prevailing mages.

The Total Project Development Cost was \$1,653,786 for 364 dwelling units.

REDUCTION OF UNEMPLOYMENT

At the time of the construction of Stephen Crane Village, the reduction of unemplogment was still an important purpose of the U. S. Konzáng Act, and the construction of this project was expected to assist in mecomplishing it. The wast change from that situation to the present manpower shortage is typical of many ways in which the impact of the War has distorted the lowrent housing program and temporarily diverted it from its original purposes.

It is worthwhile to note for future reference, however, that the construction of the project provided an estimated 1,327,500 man-hours of amployment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project. In accordance with the provisions of the U. S. Housing Act of 1887, Stephen Crame Village included arrangements for the elimination of unsafe and insanitary deallings equal in number to the number of new dwellings in the project.

The project was constructed on a vacant site. Before the project was undertaken, however, the City of Hemark contracted with the Housing Authority (which possesses no police powers) to secure the off-site elimination, by demolition or compulsory repair, of the required number of unsafe and insensitary overlines.

Under this agreement, many substandard dwallings were demolished and have been necessary to defer the balance of the squivalent climination so that none has yet been performed in commention with this project. Because of the nature of its industries, Newark felt the effoot of the war activities at an early date. At the beginning of 1948, secording to a survey made by the U. S. Bureau of the Consus, only 1.3% of the total dwallings in Newark were vacant.

As a result of this housing shortage, Nemerk was obliged to sesure the permission of the Federal Public Housing Authority to defer any further demolition because of the soute housing shortage. Any other course would have run counter to the war offert and the action being taken by a number of official agencies to provide additional housing for in-migrant war workers.

Deformant of compliance with the equivalent elimination requirement is extended for 6 menth periods on the basis of the continuance of the bousing shortage. As soon as the shortage is relieved, the deforment will be cancelled and demolition will be resumed. Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-exemption an amount equal to 20% of the Federal annual contribution. Accordingly, in a Cooperation Agreement with the Bousing Authority, theCity consented to accept 5% of the shelter runts of the project as paymonts in lieu of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$2,060 per year. In recent years, this payment has been almost doubled by additional, voluntary payments in lieu of taxes made out of rent surcharges,

Instituting the cost to the city of the tax-exemption granted the project, it would be unrealistic to estimate the ad valorom mass on the project, \$52,250 for comparison with the payments in liqu of taxes because such a comparison would be based on a condition contrary to the fact and the Law, "he project would not have been built at all if ad valorom taxes were to be levied upon it.

On the other hand, the taxes formerly loried upon the site of the project wore \$882 emaquently, there was chargeable to the project a theoretical increase in manisipal tax receipts of \$1,188 equalling the payments in liou of taxes minus the taxes formerly levied on the site. It would not be unreascenable to this figure as an estimate of a tax gain to the City attributable to the processor.

It is possible, however, to arrive at a fairer basis for estimating the cost to the City of the tax-exemption of the project.

In general, all real property taxes on deallings must come out of the income of the companies of the deallings through the rents they pay. The temants of the project formerly compled substandard deallings, renting for about \$10 per month, Taxes on such dwellings are estimated at \$54 per year. On this basis, the taxes levied on the \$54 tenant families amounted to a total of \$19,116.

Then the project temants moved from these substandard dwellings into the project, nothing was changed except the quality of their housing. Their incomes were not increased, their rents were about the same, their tax-paying ability was no greater. Insofar as the City was concerned, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-exception granted the project is \$18,116 minus \$2,050 payments in lieu of taxes, or \$17,065.

This amount of tax-exemption will cause an increase of about \$/10 of 1 cent per \$100,00 in the municipality's tax rate. It will increase the tax bill on the average private dwelling about 7 cents per year. This cost is only a fraction of the value of the project to the City as a whole, ended from the value to its towarts.

RENTING THE PROJECT

To be eligible for cocupancy in Stephen Crane Village, applicants for tenancy had to be occupying unsafe and insuritary housing accommodations and to be fundices in the lowest income group in the City,

The condition of the housing occupied by the applicant was verified by inspection by a member of the daff of the Newark Housing Authority. Cortification of the family income of the applicant was secured by the Housing Authority from his compleyer or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,850 for 3 and 4-person families; and \$1,450 for families of 5 or more persons. Preference among eligible applicants was given, however, to families having great housing need and lee family income.

The actual family incomes of the original temants of Stephen Crane Village were as follows:

Annul Income	Number of Tenant Pamilio
# 1 Atan	
Under \$400	8
\$400 - 449	4
450 - 498	6
500 - 549	6
550 - 599	4
600 - 649	12
650 - 699	8
700 - 749	12
750 - 799	15
800 - 899	22
900 - 999	47
1000 -1099	77
1100 -1199	67
1200 -1299	62
1300 -1399	18
Tota	al 347

The average family income of the tomants was \$1,000 per year or \$55 per month. Those were undentably families in the lowest income group "who cannot afford to pay unough to cause private enterprise in their locality to build an adoquate supply of decent, safe and senitary dwellings for their use" as stipulated in the U. S. Housing Act.

By accepted standards for the ratio of ront to income, a family with an income of \$1,000 per year cannot afferd to pay more than \$17 per month for shelter rent. In Newark in 1940, according to the U. S. Commus, only 11% of the 116,787 dwelling units in the City had a monthly rent or routal value as low as this figure. At the same time, 31% of all dwelling units were substandard in some respect, that is, needed major repairs, lacked private toilet or bath, etc. Obvicusly, it was not possible for the project tenants to buy or rent anything except substandard accommodations in the private real eatto market.

Additional proof of this assertion is found in a tabulation of the major definiencies in the former homes of the original temants of the project:

Major Deficiency in Former Duelling	Numbor	Percent
Structure needs Major Repairs	208	51
No Inside Private Bath	189	84
No Inside Private Flush Toilet	46	1.6
No Cooking Facilities with Sink	88	8
No Adequate and Safe Heating	252	73
No Adoquate and Safe Artificial Lighting	9	8
No Matural Light me Adequate Ventilatio	n 36	10
Dwolling overerowded (more than 12 persons per reem)	127	87
Total	897	250

From this total of 897 deficiencies for 347 families, it is owident that the average tenant family had more then two major deficiencies in its former dwelling. Furthermore, this tabaketien takes no account of numerous other defects such as dampuss, infestation by rate or vermin, lack of privacy, doubling-up of families and fire hazards.

THIS IS REMOUSING SLUM DVELLERS. THIS IS THE PROVISION OF DECENT, SAFE AND SANITARY DVELLEGS FOR FAMILIES OF LOV INCOME.

Project rants were adjusted to family income by a system of graded ronts whereby tenants were charged from 20 to 30 percent of not family incomes. The lower ratios applied to the larger families and the higher ratios applied to the smaller families. The average ratio of rent to income mag 25%,

The basis ront schodule for the project was as follows: STEPHEN CRAME VILLAGE RENT SCHEDULE

Rent	Monthly Rent	Annual Income Limits				
Grade	Incl. Utilities	2 Persons	3-4 Persons	5 Persons or More		
Α	\$19,00	Up to \$800	Up to \$900	Up to \$1,000		
В	22,00	\$801-1,000	\$901-1,125	\$1,001-1,250		
С	26.00	1,001-1,250*	1,126-1,350*	1,251-1,450*		
	32.00	1.251-1.450	1,351-1,550	1,461-1,650		

waximum income limits for admission. Grade X is used only for continued occupancy by temants admitted to Grades A, B and C. Waximum income limits for continued occupancy by temants whose incomes increase after admission are the upper limits of Grade X.

femant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project rent under this schedule was about 324, comprising \$17 for shelter rent and \$7 for utilities.

PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Expense per dwelling per mouthis given for the 4 low-shooms projects which are operated by the Newark Housing Authority under a single contract for lean and annual contribution. The statement corers a period beginning just after the entry of this country into the war when the effect of rising income and operating expenses was fust becoming apparent.

Under Income, the item of Dwelling Rents is self-explanatory.

Net Annual Contribution is the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, the item of Management and Lossing comprises all selarics, supplies and againment for general management supervision of the project, including the local housing authority's overhead, temant investigation and solvetion lossing and root collection, temant complaints and service requests, purchasing, budgeting and accounting, porsonal administration, reporting, public relations, stonographic and elevical services, fees for local services, our toosts and fiscal arent fees.

Operating Services includes the cost of labor, materials and equipment used in performing janitorial, exterminating and matchmen services.

Dealling Utilities includes the cost of sup-lying to the temants water, gas for cooking and electricity for lighting and refrigeration, purchased from public utility compansios, and heat and hot water, produced by the project

Repairs, Maintenance and Replacement includes the cost of labor, materials and equipment used in the maintenance of grounds, in the repair of structures, in painting and decerating, in the repair of plumbing, gas, clostrical and heating systems and in the repair or replacement of ranges and refrigerators.

Alterations and Botterments represent the cost of operating improvements which increase the efficiency and company of project operations.

Community Activities includes any cost incurred in assisting health. education and recreation programs necessary because of the low-rent character of the project.

Collection losses is the amount of accounts receivable written off as uncellectible.

Insurance includes the total amount of promiums for all forms of insurance such as fire, beiler, public liability, morkmon's compensation, burglary and fidelity bond.

Contract Payment in Liou of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Payment in Lieu of Taxes is an additional amount paid out of subsidy savings.

Debt Service is the amount paid as interest and amortization on the bonds issued by the Newerk Housing Authority to defray the Development Cost of the project. Series A Bonds in the amount of \$233,000 were sold to private investore. Series B Bonds in the amount of \$1,350,000 were sold to the United States Housing Authority.

Reserves for Vacancy and Collection Losses is a cash account established as a reserve against losses which may by incurred during future periods of depression.

Reserves for Repairs, Mantenance and Replacement is a cash account, set aside while the project is now to be expended later in the life of the project, thereby stabilizing rentals over a long period.

SETH BOYDEN COURT PENN INGTON COURT JAMES M. BAXTER TERRACE STEHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE

FISCAL YEAR, 1942-1943

INCOME	PER DWELLING PER MONT
Dwelling Rents from tenants	\$23.43
Net Annual Contribution from U.S.E.A.	12,09
Other Income from Tenants	
7otal	\$35,69
EXPENSE	
Management and Leasing	3,31
Operating Services	1,84
Dwelling Utilities	6.91
Repairs, Maintenance and Replacement	3,32
Alterations and Betterments	•96
Community Activities	
Collection Losses	eOl
Insurance	•67
Contract Payments to City in Lieu of Taxes	•50
Voluntary Payment to City in Lieu of Taxes	• 4 2
Debt Service, Series A and Series B Bonds	13,94
Total before Reser	rves \$31.78
Reserves for Vacancy and Collection Losses	1,89
Reserves for Repairs, Maintenance and Replacement	2.02
Total	\$35,69

EFFECTS OF THE VAR

Then Stephum Crane Village was opened in April 1841, tensty percent of the families were receiving public assistance. In November 1941, when the first annual re-examination of tenant income was made less than ten percent were "public assistance" cases. There was a noticeable shifting from 'TPA to private employment, and an increase in the number of workers per family as some and daughters received working age and found jobs in the booming defense plants. "Nam the project opened the average family income was \$1,000 a year. In 1941 this average had increased to \$1,070.35. In Sept. 1942 the average rese to 41,860 and by Cetober 1948, higher rates of pay and overtises had pushed the average to \$1,761.35 and the number of public amminted families had declined to less than 4 percent. As the income went up the average when the stand a percent was three \$24.86 in 1941 to \$35.87 to 1945.

During 1941-1942, when tomant incomes began to increase because of overtime and the employment of supplemental mag-ourners in the family, the income of some families rose above the project limits for outtimed occupancy. These families were obliged to move out of the project. Their challings were leased to other families whose incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to more because of excessive income found it increasingly difficult, and finally impossible, to secure any other ascemmedations whatsoever. In the face of this situation, the Nowerk Housing Authority realized that it could no longer ordet tenants for excessive income during the period of the emergency. Any other course would have run counter to the war offert and the effects being made by a number of agencies to provide additional housing for war workers.

In July 1942, the Ment Control Regulations of the Office of Price
Administration were made effective in Newark. Under these regulations, Commete
can be forced to more only for specified reasons of which excessive income is
not one. Commenquently, the Howsims Authority will not be able to resume

eviation for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The temants who are permitted to continue in convexory are charged, as a additional monthly rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the colling ronts satabilished for the project. Maximum rents including utilities registered with the Office of Price Administration are \$38 per month for 1 bedroom units, \$65 for 2 bedroom units, and \$66 for 3 bedroom units. Temants who are paying those maximum rents are not being subsidized. Those maximum are based on what similar accommodations, privately owned, were being rented for an March 1, 1948, the rent fronting date.

At present, most of the families who source font reductions because of decreased income, are supported by Dependency Senefit allotments from wage-carners who have been inducted into the armed forces.

While the mar has been responsible for a marked increase in temant income, it also has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project heating plant has been community in the cost and difficulty of operating the heating plant. For instance, shortage of manpower and high wages in war plants has made it extremely difficult to obtain firozen and laborers. In fact, the effect of the manpower shortage has bon felt throughout the entire personnel of the Housing Authority. In spite of high wages it has been extremely difficult to hire and retain a commentant stuff.

THE SOCIAL EFFECTS OF FUELIC HOUSING IN NEWARK

The Messing Authority of the City of Newark undertook what it believes to be the first comprehensive investigation of its kind in this country an investigation into the social effects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by more privacy, better recreational facilities, and, in general, a more healthful environment.

This study, which will be printed enertly, compares the families in the projects with those in the "ards of the City surrounding the projects, in terms of the incidence of tubercules; infant mortality, communicable diseases, birth rates, juvenile delimency, school records, fires, home accidents, ste. From our study of three projects, (Jamus Bextor Tornnos, F.lix Fuld Court and Stopham Crane Village) it was found that public housing has had decidedly beneficial offcots on the robused families.

In the heusing prejects, and year 3.3 out of every 1000 persons 15 to 60, had tuberoulesis. In infant mortality too the projects had a lewer rate. If the rate in the three wards studied had been as lew as that in the three projects, in 1963, there would have been 21 infant deaths instead of 58,

The rates for communicable discases, including Whooping Cough, Menales, Numps, Scalet Pever, German Manales, and Chicken Pex, were also lower in the projects than in th. Wards. For 1942 and 1943 combines, its rate for the projects was 114,2 cases per 1000 children under 15 years of age as compared with 185,5 cases in the wards.

The number of highe, corrected by taking into account the number of women 15 to 40, was higher in the projects than in the Marde. For the two years combined, the birth rate in the projects was 110.5 compared with 86.2 in the "Marde, per 1000 women 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$225 per 100 dwelling units, as command with \$115 per 1000 dwelling units in the city. If the number of fires per 10,000 persons had been the same in the City as in the projects, the saving at \$100 per fire call, would have been \$01,700.

A study of the school entiferm showed that after being rahoused thay were assent less, and had slightly higher grades. The juvenile delinquency rate was generally lower for the projects than for the Wards. For the Negro population, this difference was marked. There were no cases of delinquency among the circle in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

- 69% of the mothers said that their school children showed an improvement since living in the project.
- 2. 99% found their children easier to keep clean.
- 3. 100% stated that their children had better play facilities.
- 4. 46% found that housekeeping took them less time.
- 5. 77% said that their families were now happier.
- 69% of the families were able to save money, or buy more "hirza for their homes.
- 7. 100% had had no serious home accidents.

It must not be thought that the benefits were restricted to the project residents, The community also benefited insofer as every reduction in disease and orise not only means a great financial saving, but provides the social elimits for a satisfying and healthy life. To give one example, it has been estimated that the average cost to the community of a tuberoulosis case is stort \$6000. If the rate for whereulosis in the fards were reduced

to that in the three monsing projects studies, there would have been 85 cases per year instead of 188. The savings to the community would amount to about 4365,000. But, more than that, there would be an immone saving in human suffering and unhappiness.

UNITED STATES HOUSING ACT OF 1937

The U. S. Rowsing Act of 1937 (Pablic - No. 412 - 75th Congress) Is entitled *An Act to provide financial assistance to the States and political substrictions thereof for the climination of umanfe and insanitary housing conditions, for the ermination of alwas, for the provision of deest, safe and sanitary dealings for fractice of low incomes, and for the reduction of the insanitary hand the district of business activity, to create a butted States Housing substrict, and for

To achieve the objectives set forth in the Title of the Housing Act, a Federal lending agency, the United States Housing Authority (now the Federal Fublic Housing Authority), sus created. It was sutherized to finance a Low-rent housing program by issuing up to 800 million dollars worth of bonds guaranteed by the bitted States.

The funds so raised may be loamed to local housing cuthorities to easist them in the development of low-rout bousing projects, up to 50 per cent of the cost of the project. Such locas bear interest at 1/2 of 15 more than the going Foderal interest rate at the time the loan is made. The loans must be reguld within a period not exceeding 60 years.

A portion of the proceeds of the 1/2 of 1% interest profit is used to defray the operating exponses of the United States Housing Authority which receives no appropriation from Congress for this purpose.

In order to assist in achieving and maintaining the low-rest character of the housing projects, t. el. S. houng Authority is also subscribed to contract to make omnual contributions, or subscript, syments, to public heading segencies in assumes not exceeding 1% more than the going Federal interest rate, at the time of the contract, on the development cost of the project invarience.

For the 800 million dollar program, it was anticipated that 28 million dollars par your would be needed in normal times for annual contributions. For cause of working conditions, however, only 15 million dollars has been used for annual contributions during each of the last two years.

THE ENTIRE COST TO THE PEDGRAL GOVERNMENT OF THE LOW-RENT HOUSING TACHORDS THE ADMINISTRATE COSTS OF THE ADMINISTRATE COSTS OF THE MINISTRATE ADMINISTRATE COSTS OF THE MINISTRATE ADMINISTRATIVE COSTS OF THE MINISTRATE ADMINISTRATIVE COSTS OF THE MINISTRATE ADMINISTRATIVE OFFS OF THE MINISTRATIVES HUSBING AUTHORITY.

The objectives of the Housing Act must be achieved within the following important restrictions among others set forth in the Act:

1. Me loan or annual contribution can be sade by the U. S. Notain Authority in cities having less than 500,000 population, for a housing project costing more than \$4,000 per family dwelling smit, or \$4,000 per room (excluding land, demolition and non-amelling facilities).

 No loom or cannot contribution out to made by the U.S. Howard Authority for a howard yroject costing more than the average construction took of dwelling units currently reduced by private enterprise in the lootility, tader the legal building requirements applicable to the propers site and under I for standards not lower than those presents of a the Howard of.

- All contracts pursuant to the Housing Act must contain . Provision requiring payment of the wages or fees prevailing in the locality to all persons employed in the development or administration of the housing project involved.
- 4. Armual contributions can be nede by the U. S. Wessing Sutherity to housing projects involving the construction of new dealings, only if the project includes the claimantian, by demolithin, offective closing or compulsory repair, of unsafe and insanitary obtaining a vali, in ander to the funder of the dealings in the project, core, under the contribution of the lings in the project, core, under the contribution of the lings in the project, core that the contribution of the lings of the core of the contribution of the lings of the lines of t
- 5. Annual contributions on be made by the U. S. Housing Authority only when the State, County of blund cilty in which the project as situated contributes in cash or tax ox m, t.c. in Lacount equal to 20% of the Poderal innual contribution.
- 6. Low-runt dwillings are valiable for occupancy only by families whose not income at the time of transmission two not accord fly trues the finite including dwelling utilities, who, t that the ratio of income to rent andl not exceed 6 to 1 in the case of firities having 3 or more wintow and one.
- 7. "Formilies of low income" means fermilies in the lowest income group who cannot afford to pay enough to caux. ; rivate enterprise in their locality to build an adequate supely of docent, safe and sunitary dwellings for their use.

NEW JEHSEY LOCAL HOUSING . UTICALITYS LAW OF 1938

The New Jersey Loud Foring mathematics Law (Co pt r 17, Laws of 1,38) contains this declaration of necessity of legislation --

"It is hereby declared.

- (a) The there wish is the field an altery or was for dwelling accommodations and this process is be income are forest to a synt in soon insanitary or unsuff accommodations; that within the Stit Stir. I have bright of after a carrier dwelling recommodation available at rents which present of low income can afford at the such years. For forced to occupy overcrowed and congested dwelling accommodations but the after lad conditions cause in increase in and spread of disease and order and constitute a manual to the with principal marchs and end for of the relicions of the contract of the such as a second of the such as a second
- (b) That takes uses in the Strice council be clared, nor can the shortings of safe and senterly wellings for pursons of low income be relieved, through the operation of privide integries, and that the construction of housing projects for persons of low income (or normal defined) would insertion in the competitive with privide enterprise;
- (c) That the cle wance, replanning our reconstruction of the arcse in which amendatary or was to modify conditions exist and to providing of a fe and sanitary dealing ecommoditions by my public body for persons of low income republic was and purposes for which jublic money any b. s int and private property conducted and are governmental functions of State concerns.

(d) That it is in the public interest that work on projects for such purposes by communed as soon is possible in order to relieve unemployment;

And the n cossity in the public interest for the provisions hereinafter entered, is hereby declared as a matter of legislative determination."

Under the provisions of this low, the governing body of my municity: litty may crette by ordinates a public corpor tand known to a February attentive shall constitute a body corporate and politic, an agency of the number-ality. The governing body of the municipality shall appoint five present to be Commissioners of the doubthy latherly for live-year terms, or term cognizing can out commensation.

The Mousing Authority is empowered generally to carry out the purposes of the Local Hausing authorities lew with specialic marking of the process of the powers, emorg others, to investigate housing conditions; to equar property; to exercise the power of emint demain; to constract, local, and carrier consign products to copy of the process of the pro

The Housing Authority cannot open to for profit. Its obligations are not obligations of no Sitte or "my political subdivision thereof. Its pro integrate to the exampt but it may make jugmente in like of time. Its projects are subject to all pluming, soming, sunitury, building and other local laws and regulations. Its deadlings may be located only to present of low innows.

HOUSING AUTHORITY OF THE CITY OF NEVARK

The -

SPECIAL REPORT

on the Development and Operation of

JAMES M. BAXTER TERRACE
a Low-rent Public Housing Project

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SPECIAL REPORT

on the Development and Operation

JAMES M. BANTER TERRACE

a LOW-RENT PUBLIC HOUSING

PROJECT

The purpose of this report is to review the development and operation of James M. Baxter Terrace by the Housing Authority of the City of Newark, under the provisions of the United States Housing Act of 1937 and the New Jersey Local Housing Authorities Low of 1938. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

PROJECT DESCRIPTION

James M. Baxter Terrace is located at Crange and Nosbitt streets in Newark, New Jursey.

The project consists of 613 dwelling units, in 3-story brick buildings. There is also a Community hall, heating plant, office, meeting rooms, a health clinte, beby-keep-well station.

The distribution of dwelling units by size is as follows:

3 r	smoo	1 Beds	700m	183 uz	its	549 r	DI
3호	*	1	19		10		п
4	4	2	w		#		35
42	ч	2	tr	319	а	1436 <u>2</u>	Ħ
8	n	8			*		
5 <u>}</u>	4	8	и	111	٠.	610g	*

The project has an area of about 12.67 acros including 0 available for future development. Only 28.98% of the land is covered by buildings. The population density is 48.30 families per acre.

Of the project grounds, whost con-quarter is surfaced for play and sitting areas. Nost of the balance is landscaped and is maintained by the project teaff. The janitorial work and the interior painting are also done by the project and central maintenance staffs. Tomants aid in junitorial work.

One for ecoking, electricity for lighting and refrigeration, deam heat and hot and cold mater are furnished by the project and included in the 'dwelling rentals.

Construction of the project was completed in September, 1941 and it has been fully cocupied by 413 Fegre and 200 White families since October 1,1841.

OUTLINE OF SPECIFICATIONS

The specifications for Eaxter Terrace required substantial and durable construction:

Foundations

All structures are on rigid concrete grade beams and pile caps.

Concrete and file site drains.

Extorior Walls

Common Brick; backing tile free standing metal furring; interior plaster on whee lath.

Interior Partitions

Notal studs.

Plastering.

All walls and ocilings - plastor on wire lath.

Vertical plaster angles have notal corner beads.

Floors

First floor - concrete with mastic tile.

Scoond floor = * * * *

Third floor - " " " "

Linolcum floor finish in bathrooms and kitchons.

Woodpork

Wood doors.

Motal casement sash and motal trim.

Motal Work

Coppor flashing.

Roof Finish

Four-ply slag surface.

Plumbing

All piping, brass.

Fixtures of standard make.

Heating

Central heating low-pressure wapor-vacuum system.

Underground distribution.

Cil burners coverted to coal

Electrical

Armored cable in all units.

Underground distribution.

Waterproofed covered wire.

Painting

All trim = 3 costs of lead and oil.

Interior plaster - 3 scats of flat wall paint.

Kitchens and bathrooms - last coat, enamel,

Equipment

Each dwolling unit has electric refrigerator, gas range, combina-

tion sink and tub, wood kitchen cabinets, metal medicine cabinet, toilet, levatory, bath-tub, shades and screens, Laundries in

basement with washing machines and gas dryers.

Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas.

CONSTRUCTION COST

The Net Construction Cost of James M. Baxter Terrace was \$3,244 per dealing unit. This figure, comprising structural, plumbing, heating and electrical costs, most closely approximates the private residential construction costs entered in applications for mulding permits. A provision of the United States Housing Act of 1887, applicable to this item, is that the cost of the project be lower than the "everage construction cost of dealing units currently produced by private enterprise in the locality."

According to building purmit records compiled by the Bureau of Labor Statistics of the U. S. Department of Labor, 3535 dwelling units were privately built in Newark during the years 1929 to 1939. The median permit value of those units was 84,007 so that the Not Construction Cost of 85,244 per dwilling for the project, was far below the private construction average.

The Dwelling Recilities Costs for the project wars \$3,800 per dwelling unit and \$918 per seem. In addition to the N-t Construction Cost, those amounts include \$849 per dwelling unit, which is the cost of dwelling engigent such no runges, refrigerators, shades, seroms, etc., architects and engineers foce, and the local housing authorities applicable administrative costs, carrying charges and contingent expresses.

The Dwelling Facilities Costs for the Project erro lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to those items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of mon-dwelling facilities, consisting of site improvements and non-dwelling buildings, spaces and equipment, were 31,067 per dwelling wit, including the enveloped applicable to these entagories. Adding this cament to the Dwelling Facilities Cost, the Total Cost of New Housing for James M. Boxtor Torraco, was 34,840 per dwelling muit. h'comparison with an estimated average value of \$5,850 for all new homes insured by the Pederal Housing Assinistration in New Versey in 1889, the year in which the contract for the project was awared, the Total Cost of New Housing of \$4,940 per dealling, for the project, in low.

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively low-cost. In a precise ovaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 60 years, at least, As the Outkine of Specifications indicates, its construction is unusually sound and durable. Moreover, all workers employed in the construction of the project were paid prevailing wages.

Any valid, detailed comparison of project costs with other comstruction costs must be made with reference to buildings of the same type, providing comparable accommedations of equal durability, built according to cimilar specifications, with good materials and sound construction, by labor receiving provailing wages.

In addition to the Total Cost of New Housing of \$3,033,199 for the 614 dwallings in the project, the cost of the buildings which wore demolished mas \$719,171 making a total Project Development Cost of \$3,752,570.

REDUCTION OF UNEMPLOYMENT

At the time of the construction of James M. Baxter Tegrace, the reduction of unemployment was still an important purpose of the U. S. Housing Act, and the construction of this project was expected to assist in accomplishing it. The wast change from that situation to the present man-power shortage as typical of many ways in which the impact of the War has distorted the low-root housing program and temperarily diverted it from its original purposes.

It is worthwill to note for future reference, however, that the construction of the project provided an estimated 2,302,500 man-hourse of employment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project.

EQUIVALENT ELD'INATION

In accordance with the provisions of the U. S. Housing Act of 1927, James M. Barter Terrace included arrangements for the elimination of unsels and insenitary deallings equal in number to the number of new deallings in the project.

The project was constructed in a alum area. Two hundred and twentytwo substandard deellings were purchased and demolished by the Kewark Housing
Authority. The sout of the structures on the site was \$719,171 or about
100 of the bods! expenditure for the project.

Before the project was undertaken, the City of Howark contracted with the Housing Authority (which peacesses no police powers) to secure the off-site climination, by demolition or compulsory repair, of the required number of unsafe and insanitary declings. Under this agreement, 392 substandard dwellings were climinated so that compliance with the statutory requirement is complete. A total of 616 slum dwellings have been eliminated in connection with the construction of this project.

THIS IS THE SHADCATION OF SLUMB. WE FACT, IT IS THE OULY EFFORING HISTOCHHOLD THICK HAS EVER BEEN USED IT INFORME TO ELPHINATE THE UNSAFE AND INSAN THAT HOUSING THICK HAS ACCUMULATED IN CERTAIN SECTIONS OF THE CITY OVER A
LONG PERIOD OF YEARS.

TAX EXEMPTION

As property in public use, James M. Barter Terrace is tax-exempt,

However, payments in lieu of taxes are made to the City as partial compensation

for services to the project.

Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-examption an amount equal to 20% of the Pederal annual contribution. Accordingly, in a Cooperation Agreement with the Housing authority, the City consented to accept 3% of the choiter rants of the project as payments in law of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$3,684 per year. In recent years, this payment has been almost doubled by additional, voluntary parments in lieu of taxes made out of rent surcharms.

In estimating the cost to the city of the tax-exception granted the project, it would be unrealistic to estimate the ad valoren taxes on the project, \$85,000 for comparison with the payments in lieu of taxes because such a comparison would be based on a condition contrary to the fact and the Law. The project would not have been built at all if ad valores taxes were to be levied upon it.

The maxes formerly levied upon the site of the project were \$12,981 on the land and \$22,053 on the slum buildings which were demolished, but many of these properties had large tax delinquencies. Nevertheless, there was chargeable to the project a theoretical reduction in municipal tax receipts of \$31, 370 equalling the payments in liou of taxes minus the taxes formerly levied on the site. Although actual tax collections were very much loss, this figure is not an unreasonable estimate of the tax loss to the City.

It is possible, however, to arrive at a fairer basis for estimating the cost to the City of the Tax-exemption of the project.

In general, all real property taxes on dwellings must come out of the income of the occupants of the dwellings through the routs they pay. The tenants of the project fermorly eccupied substandard dwillings, renting for about \$18 per month.

Taxes on such dwellings are estimated \$54 per year. On this basis, the texes levied on the 614 tenant families amounted to a total of \$33,156.

Thum the project tomants moved from those substandard decillings into the project, nothing was changed except the quality of their housing. Their incomes were not increased, their ronte were about the same, their tax-paying ability was no greater. Insefar as the City was compound, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-examption granted the project is \$33,188 minus \$3,684 payments in lieu of taxes, or \$29,482.

This assume of tax-exemption will owned an increase of about $\sqrt[4]{10}$ of 1 cent per \$100.00 in the municipality's tax rate. It will increase the tax bill on the average private dwelling about 13 cents per year. This cost is only a fraction of the value of the project to the City as a whole, aside from its value to its tements.

RENTING THE PROJECT

To be eligible for cooupancy in James M. Beater Terrace, applicants for tenancy had to be occupying unsafe and insunitary housing accommodations and to families in the lowest income ergup in the City.

The condition of the housing compiled by the applicant was verified by inspection by a member of the staff of the Hewnrk Housing Authority. Certification of the family income of the applicant was secured by the Housing Authority from his employer or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,350 for 5 and 4 person families; and \$1,450 for families of 5 or more persons. Preference among eligible applicants was given, however, to families having great housing need and low family income.

The actual family incomes of the original temants of James M. Baxter Torrace were as follows:

Annual Incom	ie Nu	nber of	Tonant	Families
\$400 - 449			9	
450 = 499			8	
500 - 549			14	
550 - 599			16	
600 - 649			28	
650 - 699			20	
700 - 749			31	
750 - 799			25	
800 - 899			72	
900 - 999			124	
1000-1099			142	
1100-1199			80	
1200-1299			30	
1300=1399			_0	
	Total		598	

The Average family income of the temants was \$925 per year or \$77 per month. Those were undeniably families in the lowest income group "who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of docent, safe and sanitary dwellings for their use." as stimulated in the U. S. Nousing Act.

By accepted standards for the ratio of rent to income, a family with an income of \$925 per year connot afford to pay more than \$15 per month for sholter ront. In Hewark in 1940, necording to the U. S. Commus, only 6% of the 116, 757 dealling units in the City had a monthly rest or rontal value as lew as this figure. At the same time, 31% of all dealling units were substandard in some respect, that is, needed major repairs, lacked private toilet or bath, oto. Obviously, it was not possible for the project tenants to buy or rent anything except substandard accommodations in the private real estate maket.

Additional proof of this assortion is found in a tabulation of the major definiencies in the former homes of the original tenants of the project:

Major Deficioney in Permer Dwelling	Number	Porcont
Structure needs Major Repairs	357	\$9
No Inside Private Bath	285	48
No Insido Privato Flush Toilet	144	24
No Cooking Pacilities with Sink	47	8
No Adoquate and Safe Heating	469	77
No Adoquate and Safe Artificial Lighting	33	6
No Natural Light and Adequate Ventilation	102	17
Dwelling Overerowded (more than 12 person per room)	a 91	15
Total	1,518	254

From this total of 1,516 deficiencies for 598 families, it is evident that the average temant family had more than two major deficiencies in its former deelling. Furthermore, this tabulation takes no account of numerous other defects such as dampness, infestation by rats or vermin, lack of privacy, doubling-up of families and fire hazards.

THIS IS REMOUSING SLUM DYMLLERS. THIS IS THE PROVISION OF DECENT,
SAFE AND SANITARY DYMLLINGS FOR FAM.LIESOF LOT ENCOURS.

Project rents were adjusted to family income by a system of graded runts whereby tomants were charged from 20 to 30 percent of ust family income. The lower ratios applied to the larger families and the higher ratios applied to the number families. The average ratio of runt to known was 25%.

The basic rent schedule for the project was as follows: JAMES M. BAXTER TERRACE

RENT SCHEDULE

Rent Grade	Monthly Rent Incl. Utilities	2 Persons	Annual Income 4 Persons	Limits 5 Persons or More
A	\$19,00	Up to \$800	Up to \$900	Up to \$1,000
В	22,00	\$801-1,000	\$901-1,126.	\$1,001-1,250
C	25.00	1,001-1,2504	1,125-1,350	1,251-1,450*
x	32,00	1,251-1,450	1,351-1,550	1,451-1,650

*Waximum income limits for admission. Orade X is used only for omtinued occupancy by tenants admitted to Grades A, B and C. Maximum income Limits for continued occupancy by tenants whose incomes increase after admission are the upper limits of Grade X.

Tenant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project ront under this schedule is about +21, comprising \$14 for shelter rent and \$7 for utilities.

PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Exponse per deciling per month is given for the 4 low-income projects which are operated by the Nowerk Housing Authority under a single contract for loan and annual contribution. The statement covers a period beginning just after the entry of this country into the war when the effect of rising income and operating exponses was just becoming apparent.

Under Income the item of Dwelling Rents is self-explanatory.

Net Annual Contribution is the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, the item of Management and Leasing corprises all salaries, supplies and equipment for remeral management supervision of the project, including the local housing authority's covarbeal, toward investigation and selection, leasing and ront collection, temant complaints and servine requests, purchasing, budgeting and accounting, personal administration, reporting, public relations, atmosprachic and clarical services, fees for legal services, court costs and fiscal acount free.

Operating Services includes the cost of labor, materials and equipment used in performing juniterial, exterminating and matchmen services.

Dealling Utilities includes the cost of supplying to the temants water, gas for cooking and electricity for lighting and refrageration, purchased from public utility companies, and heat and not water, produced by the project.

Ropairs, Maintenance and Roplacement includes the cost of labor, materials and equipment used in the meintenance of grounds, in the repair of structures, in painting and decorating, in the repair of plumbing, gas, electrical and heating systems and in the repair or replacement of ranges and rafrigerators.

Alterations and Betterments represent the cost of operating improvements which increase the efficiency and economy of project operations. Community Activities includes any cost incurred in assisting health, education and recreation programs necessary because of the Low-rent character of the project.

Collection losses is the amount of accounts receivable written off as uncollectible.

Insurance includes the total amount of premiums for all forms of insurance such as fire, boiler, public liability, workmen's compensation, burglary and fidelity bond.

Contract Payment in Lieu of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Payment in Lieu of Taxes is an additional amount paid out of subsidy savines.

Debt Service is the emotit paid as interest and amertisation on the bonds issued by the Newark Housing Authorsty to defray the Development Cost of the project. Serice A Bonds in the amount of \$842,000 were sold to private investore. Serice 8 Bonds in the amount of \$3,160,000 were sold to the United States Housing Authority.

Reservos for Vacancy and Collection Losses is a cash account established as a reservo against losses which may be incurred during future periods of depression.

Reserves for Repairs, Maintenance and Replacement is a cash account, set aside while the project is now to be expended later in the life of the project, thereby stabilizing rentals over a long period.

SETH BOYDEN COURT PENNINGTON COURT JAMES M. BAXTER TERRACE STEPHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE FISCAL YEAR, 1942-1943

INCOME	PER DWELLING PER MONT
Dwelling Rents from tenants	\$23,43
Net Annual Contribution from U.S.H.A.	12,09
Other Income from Tenants	
Tobal,	\$55,69
EXPENSE	
Management and Leasing	3,31
Operating Services	1,84
Dwelling Utilities	6.91
Repairs, Maintenance and Replacement	3,32
Alterations and Betterments	.96
Community Activities	-
Collection Losses	401
Insurance	.87 °
Contract Payments to City in Lieu of Taxes	e50
Voluntary Payment to City in Lieu of Taxes	e42
Debt Service, Series A and Series B Bonds	13.94
Total before Reserv	98 \$31.78
Reserves for Vacancy and Collection Losses	1,89
Reserves for Repairs, Maintenance and Replacement	2,02
Total	\$35,69

EFFECTS OF THE TAR

when James M. Baxter Terrace was opened in October 1941 twenty percent of the finalise were receiving public assistance. In Decomber 1942 when the first re-examination of tenant income was made less than six percent were "public assistance" cases. There was noticeable shifting from TMA to private employment, and an increase in the number of workers cor family as some and daughters reached working age and found jobs in the bosoning defense plants. 1942 this avonue had increased to 01,605 and by January 1, 1944, higher rates of pay and overtime had pushed the average to \$1,806.87 and the number of public assisted families had declined to less than 4 percent. As the incomes work up the average rent went from \$20,06 in 1941 to \$85.79 in 1944.

During 1842-1945, when tenant incomes began to increase because of cvertime and the employment of supplemental magnesanors in the family, the income of some families rose above the project limits for continued occurancy. These families were obliged to move out of the project. Their dwellings were leased to other families does incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to move because of excessive income found it increasingly difficult, and finally impossible, to secure any other accommedations whaterear. In the fact of this struction, the Newark Rousing Authority realises that it could not leave oviet tenants for excessive income during the period of the emergency. Any other courses would have run counter to the war offert and the offerth bring made by a number of agencies to provide additional housing for war verker;.

At about the same time, the Rent Control Regulations of the Office of Price Administration were made effective in Newark. Puter these regulations tensure on he forced to more only for specified reasons of which erosate tensure on the forced to more only for specified reasons of which erosate tensure on the forced to more only for specified reasons of which erosate tensure on the forced to more only for specified reasons.

income is not one. Consequently, the Housing Authority will not be able to resume eviction for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The temants who are permitted to continue in occupancy are charged, as additional monthly rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the ceiling rents established for the project. Maximum rents including utilities registered with the Office of Price Administration are \$37 per month for 1 bedroom units, \$42 for 2 bedroom units, and \$47 for 5 bedroom units. Tenants who are paying these maximum rents are not boing subsidized.

At present, most of the families who secure rent reductions because of decreased income, are supported by Dependency Benefit allotments from wage-earners who have been industed into the armed forces.

While the war has been responsible for a marked increase in tenant income, it also has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project besting plant has been converted from cil to cost at considerable expense. This conversion has also increased the cost and difficulty of operating the heating plant. For instance, shortage of mangewer and high wages in war plants has made it extremely difficult to obtain firmon and laborers. In thek, the offect of the manpower shortage has been felt throughout the entire personnel of the Heusing Authority. In spite of high wages it has been extremely difficult to hire and rotain a competent staff.

THE SOCIAL EFFECTS OF PUBLIC HOUSING IN NEWARK

The Housing Authority of the City of Newark undertook what it beliares to be the first comprehensive investigation of its kind in this country an investigation into the social effects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by more privacy, better recreational fecilities, and, in general, a more houlthful environment.

This study, which will be printed shortly, compares the families in the projects with those in the "ards of the City surreuncing the projects, in terms of the instellmenc of tuberculosis, infant mertality, communicable diseases, birth rates, juvenile delinquency, school records, fires, home accidints, etc. From our study of three projects, (Sames Baxtor Terrace, Polix Puld Court and Stophen Crano Willage) it was found that public housing has had decidedly beneficial offects on the rehoused families.

In the housemp projects, ask year 5.3 out of every 1000 persons 15 to 40, had tuberculosis. In infant mortality too the projects had a lower rate. If the rate in the three wards studied had been as low as that in the three projects, in 1845, there would have been 21 infant deaths instead of 5%,

The rates for communicable diseases, including Whosping Cough, Mosales, Numps, Searlot Force, Gorman Mosales, and Chicken Pez, were also lower in the projects than in the Wards. For 1942 and 1945 combines, the rate for the projects was 116.2 cases per 1000 children under 15 years of age as compared with 185.5 cases in the wards.

The number of births, corrected by taking into account the number of women 15 to 60, was higher in the projects than in the Wards. For the two years combined, the birth rate in the projects was 118.5 compared with 88.2 in the Wards, per 1000 secens 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$255 per 100 dwelling units, as command with \$1115 per 1000 dwelling units in the oity. If the number of fires per 10,000 persons had been the same in the City as in the projects, the saving at \$100 per fire call, would have been \$91,700.

A study of the school children showed that after being rebound they were absume less, and had slightly higher grades. The juventle delinquency rate was generally leave for the projects than for the Tards. For the Negro population, this difference was marked. There were no cases of delinquency among the girls in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

- 69% of the nothers said that their school children showed an improvement since living in the project.
- 2. 99% found their children sasier to keep clean.
- 3. 100% stated that their children had better play facilities.
- 4. 46% found that housekeeping took them less time.
- 5. 77% said that their families were now happier.
- 69% of the families were able to sove money, or buy more "burgs for their homes.
- 7. 100% had had no serious home accidents.

It must not be shought that the benefits were restricted to the project residents. The community also benefited insofar as every reduction in disease and orime not only means a great financial saving, but provides the accided climits for a satisfying and healthy life. To give one example, it has been estimated that the average cost to the community of a subsrculosis case is about \$5000. If the rate for whereulosis in the Yards were reduced

to that in the three housing projects studies, there would have been 65 cases per year instead of 156. The savings to the community would amount to about (365,000. But, more than that, there would be an immone saving in human sufforing and unkapphoses.

UNITED STATES HOUSING ACT OF 1937

The L. S. Bousing Act of 1937 (Public - No. al2 - 75th Congress) is entitled "Ma Act to provine financial assistence to the States ampointed abubtivations thateout the contaction of sizes, for the provision of decent, after ann sanitary mousing conditions, for fractive of low incomes, and for the reduction of decent, after ann sanitary dealings for fractive of low creates a united States Housing submortly, and for other purchases.

To achieve the cojectives set forth in the Title of the beasing Act, a Federal lending agency, the United States Housing Authority (now the Federal Fublic Housing Authority), which created, if whe authorized to finance a lease-out housing programs by seeding up to 800 million dollars worth of bonds guaranteed by the United States.

The Lunds so relaced may be loaned to local mousing uthorities to const them in the development of low-rout a using projects, up to 30 per cent of the cost of the project. Such loam ber interest at 1/2 of 15 per, than the Sogne Federal interest rate at the time the loam is wide. The loans must be repeal within a period not exceeding 60 years.

A parties of the proceeds of the Nylo of 1% interest profit is used to defray the operating expenses of the United States Housing authority which receives no appropriation from Congress for this purpose.

In order to esset in achieving and maintaining the low-rest character of the housing projects, to U.S housing Authority is also sutherized to contract to make menual contributions, or aboutly ignored, to jubic notating agencies in amounts not exceeding 1% more than the going Federal interest rate, at the time of the contract, on the divideposm cost of the project invalved

For the 800 million dollar program, it was untidicated that 22 million dollars par year would be needed in normal times for unmail contributions. For cause of working conditions, however, only 15 million dollars mas been used for armal contributions during each of the last two years.

THE SHITTE COST IT THE PEDLIAL OLVENELER OF THE LOW-REST HOUSING "NO-CREM IS LISS "AVITE ARRUAL CONTRIBUTIONS BY THE ABOUT THE I TRULET INFIL "DA-CLEDS ING ANY INTERPRATURE COSTS F THE UNITED CRIFFS BY USING AUTHORITY.

The objectives of the Housing act must be achieved within the following important restrictions among others set forth in the Act:

1. No Loan or name! contribution can be used by the U.S. Howain, Asthority in cities making lies time 500,000 population, for a housing project conting more time \$\frac{1}{2}\$,000, or fewily dw lling unit, or \$\delta\$,000 per room (axelycing land, denolition and non-dwelling facilities)

 No loan or annual contribution can be made by the U. S. Housing Authority for a housing project costing more than the average constructior cost of dwelling units currently rounced by private enterprise in the locality, under the legal billiding requirements explicable to the gromeed site and under 1 bor standards not lower than those presented in the Housing etc.

- All contracts pursuant to the Housing Act must contain... provision requiring [ayment of the wages or foos provailing in the locality to all present employed in the development or amainstruction of the housing project involved.
- 4. Annual contributions on the mode by the U.S. Housing authority to bousing projects involving the construction of new dwellings only if the project includes the almination, by combition, offective closing or complayer years, of unexpanding and offering and almost of new dwellings in the project, excer, in the can almination and be direct in my locality more the shortwee of decore, and or anatory hossing available to femilies of low income is so each as the configuration and be discussed in the project of the configuration of t
- Annual contributions can be made by the U. S. Housing Authority only when the State, George or where latty in which the project is situated contributes in each or tax exemption or amount equal to 20% of the Fotorel annual contribution.
- 6. Lemerat replaces are validate for occasions only by fundition whose not incore, at the time of "chairs and so not conced five times to, rather the rottle of scene to rank small not exceed five 1 in the cree of failures naving 3 or non-vinor 4 is adulted.
- 7. Weallies of low income" to the families in the lowest income grounds afford to pay one to cause private which prove in their locality to build an adequate Sugaly of doe not, safe and sunitary on ellings for their uses.

NEW JERSEY LOCAL HOUSING . UTHORITIES LAW OF 1938

The New Jersey Lourd Pouring authorities and (Ch., t.r. 19, L. s of 1938) contains this declaration of necessity of legislation —

"It is hereby declared.

- (a) That there exist in the State insulatory or unaid dwelling occermedations and that present of low innows are forced to readic in such insulatory or use it accommodations: that ittin in State it was an etype of safe or eintary dwelling occern. which will be at rich which y acoms if low innows con afford, which the value, read to equip or errors (and congested welling accommodations that the afforcial enditions cause on innor seen and rise and consistent which is a superior of disasses and crise and constitute amount to the allth, if they gowells use each rise of the relicants of in that in displant promover value, that below the confirm of the relicants of in that in displant promover value, that below the for crime prevention and unitarist, table to the and sectory, fire and sected at protection, and other public convices on facilities;
- (b) That these wass is the stace emmet be clarged, nor can the shortngs of safe and samitary deallings for pursons of low area, be relieved, twoomed the operation of private entorpole, and that has, construction of housing projects for pursons of low ancome (a herein defuned) would then for anot be competitive with private enterprise;
- (c) That the element, replanting the reconstruction of the areas in which instaltary or not be needing conditions with the the provinting of side and contains which the the provinting of side and contains which we have been also been

(d) That it is in the public interest that work on projects for such purposes be commenced as soon as possible in order to relieve unemployment;

And the necessity in the public interest for the provisions hereinafter enacted, is hereby declared as a matter of logislative determination."

Under the provisions of this Lew, the governing body of my nuncipelity may cruck by ordinance a public corporation known as a flowing Authority. Lich Authority shall constitute a body corporate and politic, an agency of the municipality, and agency of the municipality shall appoint five pursons to be Commissioners of the Hessian, Authority for New-year terms, one time supplies can out componistion.

The Housing Authority is empowered generally to carry out the purposes of the local Housing Authorities Lew with specific emotion of the powers, mong others, to investigate housing conditions; to require property; to excreise the power of eminant domain; to construct, loss, and operate accusing projects; to ampley assistants and calegate its data; and powers; to before memory and to recept grants from the Federal Government; to insue bends; to pledge its assets as security for its bonds.

The Housing Authority cummon operate for profit. Its obligations are not collections of the State or may political subdivision thereof. Its properties are the two-compt but it may make payments in lieu of taxes. Its projects are subject to all pluming, sending, sendarry, building and other local laws and regulations. Its deadlings may be loased only to presens of low income.

HOUSING AUTHORITY OF THE CITY OF NEWARK

SPECIAL REPORT

on the Development and Operation of SETH BOYDEN COURT

& Low-rent Public Housing Project

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SPECIAL REPORT on the Development and Operation

of

SETH BOYDEN COURT

LOW-REST PUBLIC HOUSING

The purpose of this report is to review the development and operation of Seth Boydem Court by the Housing Authority of the City of Hewark, under the provisions of the United States Housing Aut of 1937 and the New Jersey Local Housing Authorities Law of 1938. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

PROJECT DESCRIPTION

Seth Boyden Court is located on Frelinghuysen Avenue in Newark, New Jersey.

The project consists of SSO dealling units, in twelve 5-story brick buildings. There is also a Community hall, heating plant, office, moeting rooms, health clinic, baby-keep-well station and a branch of the public library.

The distribution of dwelling units by size is as follows:

3 r	ooms	1 Be	droom	122	units	366	rooms
3 <u>%</u>	ч	1	w	56	#	196	*
4		2	я	-	*	-	н
槽		2		257	4	1156	
6	10	8	*	-		-	и
5합		8		96	· e	5220	н

The project has an area of about 15,85 acres including -0- available for future development. Only 19,72% of the land is covered by buildings. The population density is 35,48 families per acre.

Of the project grounds, approximately one-quarter is surfaced for play and sitting areas. Most of the balance is landscaped and is maintained by the project staff. The junitorial work and the interior painting are done by the project and control maintenance staffs. Temants aid in junitorial work.

Gas for cooking, electricity for lighting and refrigeration, steam heat and hot and cold mater are furnished by the project and included in the dwelling rentals.

Construction of the project was completed in May, 1941 and it has been fully occupied by 650 white families since June 1, 1941.

OUTLINE OF SPECIFICATIONS

The specifications for Seth Boyden Court required substantial and durable construction:

Foundations

All structures are on rigid concrete foundations.

Concrete and Tile site drains,

Exterior Walls

Common Brick; backing tile with metal furring; interior plaster

Interior Partitions

Metal studs.

Plastering

All walls and seilings - plaster on wire lath.

Vertical plaster angles have metal corner heads.

Ploors

First floor - concrete with mastic tile.

Second floor - " " " "

Third floor - " " " "

Linoleum floor finish in kitchen. Bathroom floor of

Woodwork

Wood doors.

Metal casement sash and metal trim.

Metal Work

Copper flashing.

Roof Finish

Four-ply slag surface.

Plumbing

All piping, brass.

Fixtures of standard make.

Heat ing

Central heating low-pressure vapor-vacuum system.

Underground distribution.

Oil hurners converted to coal.

Electrical

Armored cable in all units.

Underground distribution.

Waterproofed covered wire.

Painting

All trim - 3 coats of lead and oil.

Interior plaster - 2 soats of casein wall paint.

Kitchens and bathrooms - last coat, enamel.

Equipment

Each dwelling unit has electric refrigerator, gas range, combination sink and tub, wood kitchen osbinets, metal medicine cabinets, tollet, lawatory, bath-tub, shades and screens, and in basements public laundries, washing machines and sas cryers.

Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas,

The Net Construction Cost of Seth Boyden Court was \$3,101 per dealling unit. This figure, comprising structural, plumbing, heating and electrical coats, most closely approximates the private residential construction costs ontered in applications for building permits. A provision of the United States Equaing Act of 1937, applicable to this item, is that the cost of the project be lower than the "average construction cost of dealling units currently promined by private enterprise in the locality."

According to building permit records compiled by the Dursau of Labor Statistics of the United States Department of Labor, 35% dwelling units were privately built in Hewark during the years 1920 to 1988. The median permit value of these units was \$4,007 so that the Net Construction Cost of \$3,101 per dwelling for the project, was far below the private construction average.

The Dealling Facilities Costs for the project were \$3,888 per dwelling unit and \$887 per room. In addition to the Net Construction Cost, those amounts include \$865 per dwelling unit, which is the cost of dwelling equipment such as ranges, refrigantors, shades, screens, oto., architects and engineers fees, and the local housing authorities applicable acministrative costs, carrying charges and contingent expenses.

The Dwelling Facilities Costs for the Project were lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to these items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of non-dwelling facilities, consisting of site improvements and non-dwelling buildings, spaces and equipment, were \$1,516 per dwelling unit, including the overhead applicable to these categories. Adding this amount to the Dwelling Facilities Cost, the Total Cost of New Housing for Soth Boydon Court, was \$4,881 per dwelling unit.

In comparison with an estimated average value of \$5,650 for all new homes insured by the Federal Mousing Administration in New Jersey in 1959, the year in which the contract for the project was awarded, the Total Cost of New Housing of \$4,961 per dwelling, for the project, is low-

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively low-cost. In a procise ovaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 80 years, at least. As the Outline of Specifications indicates, its construction is unurually cound and durable. Moreover, all workers employed in the construction of the project were main premailing mages.

Any walid, detailed comparison of project costs with other construction costs must be unde with reference to buildings of the same type, providing comparable associated of equal durability, built according to similar specifications, with good materials and sound construction, by labor reactions presentling macro.

In addition to the Total Cost of New Housing of \$2,639,965 for the 650 dwellings in the project, the cost of the bulldings which were demolished was \$76,786 making a total Project Development Cost of \$2,716,749.

REDUCTION OF UNEMPLOYMENT

At the time of the construction of Seth Boydem Court, the reduction of unemployment was still an important purpose of the U. S. Ecusing Act, and the construction of this project was expected to assist in accomplishing it. The west change from that situation to the present manpower shortage is typical of many ways in which the impact of the War has distorted the low-cent housing program and temporarily diverted it from its original purposes.

It is worthwhile to note for future reference, however, that the construction of the project provided an estimated 1,987,600 man-hours of employment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project.

EQUIVALENT ELIMINATION

In accordance with the provisions of the U. S. Housing Act of 1837, Soth Boydem Court included arrangements for the elimination of uneare and inemantary dwellings equal in number to the number of new dwellings in the project.

The project was constructed on a non-residential site. Sefore the project was undertaken, however, the City of Newark contracted with the Housing Authority (which possesses no police powers) to secure the off-site elimination, by desclition or compulsory repair, of the required number of unsafe and inmunitary deallings.

Under this agreement, many substandard evenlings were demolithed and have been predicted to other projects but, because of war-time conditions it has been necessary to defer the balance of the equivalent elimination so that none has yet been performed in connection with this project. Because of the nature of its industries, Newark felt the effect of war activities at an early date. At the beginning of 1942, according to a survey made by the U. S. Dureau of the Commus, only 1.3% of the total dwellings in Newark were vacant.

As a result of this housing shortage, Newsrk was obliged to secure the permission of the Federal Public Sousing Authority to defer any further demolition because of the soute housing shortage. Any other course would have run counter to the war effort and the action being taken by a number of official agencies to provide additional housing for in-migrant war workers.

Deferment of compliance with the equivalent elimination requirement is extended for 6 month periods on the basis of the centinuance of the housing shortage. As soon as the shortage is relieved, the deferment will be cancelled and desolition will be resumed.

TAX EXEMPTION

As property in Public use, Seth Boyden Court is tax-exampt. Howover, payments in lieu of taxes are made to the City as partial compensation for services to the project.

Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-exemption an amount equal to 20% of the Federal annual contribution. Accordingly, in a Cooperation Agreement with the Housing Authority, the City consented to accept 3% of the shelter runts of the project as payments in lieu of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$3270 per year. In recent years, this payment has been almost doubled by additional, voluntary payments in lieu of taxes made out of rent surcharges,

Inactimating the cost to the city of the tar-exemption granted the project, it would be unrealistic to estimate the ad valorem taxes on the project, 382,500 for comparison with the payments in lieu of taxes because such a comparison would be based on a condition contrary to the fact and the Law. The project would not have been built at all if r.d valorem taxes were to be lavied upon it.

The taxes formsely levied upon the site of the project were \$6,385 on the land and \$2,185 on the buildings which were demoliabed, but many of these properties had large tax delinquencies. Revertheless, there was chargeable to the project a theoretical reduction in municipal tax receipts of \$6,066 equalling the taxes formerly levied on the site minus the payments in lieu of taxes. Although actual tax collections were very much less, this figure is not an unreasonable estimate of the tax loss to the City.

It is possible, however, to arrive at a fairor basis for estimating the cost to the City of the tax-exemption of the project.

In general, all real property taxes on dwellings must come out of the income of the cocupants of the dwellings through the rests they pay. The tenants of the project formerly occupied substandard dwellings, runting for about \$18 per month.

Taxes on such dwellings are estimated at \$54 per year. On this basis, the taxes levied on the 530 tenant families amounted to a total of \$28,820,

When the project tenants moved from these substandard dwellings into the project, nothing was changed except the quality of their housing. Their incomes were not increment, their rents were about the same, their nux-paying ability was no greater. Ansofar as the City was concerned, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-examption greated the project is \$28,850 minus \$3,270 payments in lieu of taxes, or \$25.850.

This amount of tax-exemption will cause an increase of less than 4/10 of 1 cent per \$100.00 in the manisipality's tax rete. It will increase the tax bill on the average private dwelling about 13 cents per year. This cost is only a fraction of the value of the project to the City as a whole saids from its value to its temants.

RENTING THE PROJECT

To be eligible for company in Seth Royden Court, applicants for temancy had to be occupying unsafe and insanitary housing accommodation and to be families in the lowest income group in the City.

The condition of the housing occupied by the applicant was verified by inspection by a member of the staff of the Newerk Ecusing Authority. Certification of the family income of the applicant was secured by the Housing Authority from his evolver or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,350 for 3 and 4-person families; and \$1,450 for families of 5 or more persons. Preference among cligible applicants was given, however, to families having great housing need and low family income.

the actual family incomes of the original tomants of Seth Boyden Court were as follows:

nnual Income Number of Tenant Familie

II a Arma	
Under \$400	2
\$400 -449	\$
450 -499	2
500 -549	12
550 -599	3
600 -649	16
6 50 - 699	11
700 -749	6
750 -799	30
800 -899	49
9 00 -999	73
1000-1099	105
1100-1189	108
1200-1299	88
1300-1399	12
over-1400	2
	_
Total	523

The Average Family Income of the tenants was \$1,017 per year or \$85 per month. Those were undemishly families in the lowest income group "who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and smittary dwellings for their use" as stimulated in the U. S. Ersainr Act.

By accepted standards for the ratio of rant to income, a family with an income of \$1,017 per year earnot afford to pay more than \$37 pen month for shelter rent. In Sewark in 1940, according to the U. S. Census, only 11% of the 116,707 deciling units in the City had a monthly rent or rental value as low as this figure. At the same time, 31% of all deciling units wore substandard in some respect, that is, needed major repairs, lacked private toilet or both, oto. Obviously, it was not possible for the project tomants to buy or rent anything except substandard accommodations in the private real estate market.

Additional proof of this assertion is found in a tabulation of the major definiencies in the fermer homes of the original tenants of the project:

Major Deficiency in Former Dwelling	Number	Percent
Structure needs Major Repairs	243	47
No Inside Private Bath	231	44
No Inside Private Flush Toilet	99	19
No Cooking Facilities with Sink	59	11
No Adequate and Safe Heating	316	#1
Mo Adequate and Safe Artificial Lighting	16	3
No Natural Light and Adequate Ventilation	67	13
Dwolling Overcrowded (more than 12 persons		
Total por room)	1,197	230

From this total of 1,197 defisionsies for S21 femilies, it is evident that the average tenant femily had once than two major deficiencies in its former dwelling. Furthermore, this tabulation takes no account of numerous other defects such as dummess, infestation by rats or vermin, lack of privacy, doublingup of families and fire hazards.

THIS IS REHOUSING SLUM DWELLERS. THIS IS THE PROVISION OF DECENT, SAFE AND SANITARY DWELLINGS FOR FAMILIES OF LOW ENCOME.

Project rents were adjusted to family income by a system of graded rents whereby teamts were charged from Dto 30 percent of net family income. The lower ratios applied to the larger families and the higher ratios applied to the smaller families. The average ratio of rent to income was 25%.

The basic rent schedule for the project was as follows: SETE BOYDEN COURT RENT SCHEDULE

Rent Monthly Rent Grade Incl. Utilities		Annual Income Limits 2 Persons 3-4 Persons 5 Persons or More			
	\$19.00	Up to \$800	Up to \$900	Up to \$1,000	
В	22,00	\$801-1,000	\$901-1,125	\$1,001-1,250	
C	25.00	1,001=1,250*	1,128=1,350*	1,251-1,450*	
I	82,00	1,251=1,450	1,351-1,550	1,451-1,650	

 Maximum income limits for admission. Grade X is used only for omtimed occupancy by temants admitted to Grades A, B and C, Maximum income limits for continued occupancy by temants whose increase increase after admission are the upper limits of Grade X.

Tenant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project rent under this schedule is about \$23, comprising \$16 for shelter rent and \$7 for utilities.

PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Expense per dwelling per month is given for the 4 low-income projects which are operated by the Newark Housing Authority under a single contract for loan and annual contribution. The statement covers a period beginning just after the entry of this country into the war when the effect of rising income and operating expenses was just becoming apparent.

Under Income, the item of Dwelling Rents is self-explanatory.

Not Annual Contribution in the amount of Federal subside actually

Not Annual Contribution in the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, theitem of Management and Leasing comprises all malaries, supplies and equipment for general management supervision of the project, including the local housing authority's overhead, temant investigation and selection, leasing and rent collectice, temant complaints and service requests, purchasing, budgeting and accounting, personal administration, reporting, public relations, stemographic and clerical services, fees for legal services, court costs and fiscal accut fees.

Operating Services includes the cost of labor, materials and equipment used in performing janitorial, exterminating and watchmon services.

Dwelling Utilities includes the cost of supplying to the temants water, gas for cooking and electricity for lighting and refrigeration, purchased from public utility companies, and heat and hot water, produced by the project.

Repairs, Maintenance and Replacement includes the cost of labor, materials and equipment used in the maintenance of grounds, in the repair of structures, in painting and decorating, in the repair of plumbing, gas, olsetrical and heating systems and in the repair or replacement of runges and refrigerators.

Alterations and Bottormonts represent the cost of operating improvements which increase the officiency and occurry of project operations.

Community Activities includes any cost incurred in assisting health, education and recreation programs necessary because of the low-rent character

of the project.

Collection lesses is the amount of measure receivable written off

Insurance includes the total amount of premiums for all forms of insurance such as fire, boiler, public liability, workmen's occuponsation, burglary and fidelity bond.

Contract Paymont in Lieu of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Paymont in Liou of Taxos is an additional amount paid out of subsidy savings,

Dath Sorvice is the amount paid as interest and amortization on the bonds issued by the Newark Housing Authority to defray the Development Cost of the project. Series A bonds in the amount of \$390,000 were sold to private lawesters. Series B bonds in the amount of \$2,270,000 were sold to the United States Housing Authority.

Reserves for Vacancy and Collection Losses is a cash account established as a reserve against losses which may be incurred during future periods of depression.

Reserves for Repairs, Maintenance and Replacement is a cash account, set aside while the project is new to be expended later in the life of the project, thereby stabilising rentals over a long period.

SETH BOYDEN COURT PENNINGTON COURT JAMES M. BAXTER TERRACE STEHHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE

FISCAL YEAR, 1942-1943

INCOME	PER DWELLING PER MONT
Dwelling Rents from tenants	\$23,43
Net Annual Contribution from U.S.H.A.	12,09
Other Income from Tenants	,17
Total	\$35,69
EXPENSE	
Management and Leasing	8.31
Operating Services	1,84
Dwelling Utilities	6,91
Repairs, Maintenance and Replacement	8.32
Alterations and Betterments	•96
Community Activities	
Collection Losses	.01
Insurance	.87
Contract Payments to City in Lieu of Taxes	a50
Voluntary Payment to City in Lieu of Taxes	.42
Debt Service, Series A and Series B Bonds	13,94
Total before Reserv	es \$31.78
Reserves for Vacancy and Collection Lesses	1.89
Reserves for Repairs, Maintenance and Replacement	2.02
Total	\$35,69

EFFECTS OF THE TAR

Then Seth Boyden Sourt was first fully occupied in June, 1941 twenty percent of the families were receiving public assistance. In February, 1942 when the first annual re-examination of twant income mas made less than ten percent were "public assistance" cases. There was a noticeable shifting from WRA to private employment, and an increase in the number of workers per family as sons and daughters reached working age and found jobs in the booming defense plants. When the project opened the average family income was \$1,017 a year. In February, 1942 this average had increased to \$1,157.21.

In Docember, 1942 the average rose to \$1,515.65 and by January 1, 1944, higher rates of pay and overtime had equined the average to \$1,800 and the number of public assisted families had delined to less than 4 percent. As the incomes want up the average rose went from \$24.35 in 1941 to \$55.00 to 1944.

During 1942-1945, then tenut incomes began to increase because of overtime and the employment of supplemental wage-earners in the family, the income of some families rose above the project limits for continuod compancy. Those families were obliged to move out of the project. Their dwallings were leased to other families whose incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to move because of excessive income found it increasingly difficult, and fitnally impossible, to secure any other accommodations shatesower. In the face of this sixuation, the Hewark Housing Authority realized that it could no longer eviat temants for excessive income during the period of the emergency. Any other course would have run counter to the war offort and for any achieve.

At about the same time, the East Central Regulations of the Office of Price Administration were made offective in Newark. Under those regulations, tements can'to forced to move only for specified reasons of which excessive Income is not one. Consequently, the Housing Authority will not be able to resume eviction for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The tomants who are permitted to continue in occupancy are charged, as additional months rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the ceiling rents established for the project. Maximum rents including utilities registered with the Office of Price Administration are \$38 per month for 1 bedroom units, \$43 for 2 bedroom units, and \$46 for 5 bedroom units. Temants who are paying those maximum rents are not being subsidiaed.

At present, most of the families who secure rent reductions because of decreased income, are supported by Dependency Benefit allotments from magacarners who have been inducted into the armed forces.

while the war has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project heating plant has been converted from oil to coal at considerable expense. This conversion has also increased the cost and difficulty of operating the heating plant. For instance, shortage of manpower and high wages in war plants has made it extremely difficult to obtain firemen and laborers. In fact, the offect of the manpower chortage has been felt throughout the entire personnol of the Housing Authority. In spite of high wages it has been extremely difficult to hire and retain a competent staff.

THE SOCIAL EFFECTS OF FUBLIC HOUSING IN NEWARK

The Housing Authority of the City of Newark undertook what it believes to be the first comprehensive investigation of its kind in this country-an investigation into the social offects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by wore privacy, better researcional facilities, and, in general, a more healthful environment.

This study, which will be printed shortly, compares the families in the projects with those in the Tards of the City surrounding the projects, in torms of the incidence of tuberculcais, infant mortality, communicable diseases, birth rates, juvenile delinquency, school records, fires, home secidents, etc. From our study of three projects, (James Baxtor Formes, F.lix Fuld Court and Stephen Crane Village) it was found that public housing has had decidedly beneficial effects on the rehoused families.

In the housing projects, only year 3.3 out of every 1000 persons 18 to 40, had tuberoulosis. In infent mentality too the projects had a lower rate. If the rate in the three wards studied had been as low as that in the three projects, in 1963, there would have soon 21 infent deaths instead of 5%.

The rates for communicable diseases, including Whooging Gough, Mensics, Mumps, Scarlet Pever, Corman Massles, and Chicken Pex, were also lower in the projects than in the Wards. For 1942 and 1945 combines, etc. rate for the projects was 114.2 cases per 1000 children under 15 years et age as compared with 163,5 cases in the wards.

The number of births, corrected by taking into account the number of women 18 to 40, was higher in the projects than in the Wards. For the two years combined, the birth rate in the projects was 118.5 compared with 65.2 in the "Mards, per 1000 women 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the

arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$255 per 100 dwelling units, as convered with \$115 per 1000 dwelling units in the city. If the number of fires per 10,000 persons had been the same in the City as in the projects, the making at \$100 per fire call, would have been \$11,700.

A study of the school children showed that after being reheased they were absent less, and had slightly higher grades. The juvenile delinquency rate was generally lewer for the projects than for the Tards. For the Negro population, this difference was marked. There were no eases of delinquency asses the cirls in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

- 69% of the mothers said that their school children showed an improvement since living in the project.
- 2. 99% found their children easier to keep clean.
- 3. 100% stated that their children had better play facilities.
- 4. 45% found that housekeeping took them less time.
- 5. 77% said that their families were now happier.
- 69% of the families were able to sive money, or buy more 'n 123 for their homes,
- 7. 100% had had no serious home accidents.

It must not be thought that the benefits zero restricted to the project residents. The community also benefited insofar as every reduction in disease and orime not only means a great financial saving, but provides the social clients for a estisfying and healthy life. To give one example, it has been estimated that the average ocet to the community of a tuberculosis case is about \$0000. If the rate for tuberculosis in the Tords were reduced

to that in the three housing projects studies, there would have been 85 cases per year instead of 186. The savings to the community would amount to about 8366,000. But, more than that, there would be an immone saving in human sufforing and unhapphases.

UNITED STATES HOUSING ACT OF 1937

The U. S. Keusing Act of 1937 (Fublic - No. Al2 - 75th Congress) is entitled Ma Act to provise finencial assistence to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of claus, for the provision of decent, soft and sunitary deadlings for fradice of low mones, and for the reduction of unsaplopment and the stimule for the condition of bourses scitify, to create a bitted States Housing submortly, and for

To achieve the objectives set forth in the Title of the Housing Act, a Federal landing agency, the United States Housing Authority (now the Federal Fublic Housing Authority), use created. It was authorized to Timance a Low-rent housing program by issuing up to 800 million dollars worth of bonds guaranteed by the United States.

The funds or rised may be loamed to local housing suthorities to exsist them in the development of low-ront housing projects, up to 90 per cent of the cost of the project. Such loams been interest at 1/2 of 15 more than the going Federal interest rate at the time the lean is made. The loans must be repaid within a period not exceeding 60 years.

A portion of the proceeds of the 1/2 of 1% interest profit is used to defray the operating expenses of the United States Housing Authority which receives no appropriation from Congress for this purpose.

In order to assist in achieving and maintaining the low-rest character of the housing projects, the U. S. Housing Authority is also authorized to contract to make smund contributions, or subsidy payments, to public housing agencies in amounts not exceeding life more than the going Foderal interest rate, at the time of the contract, on the development cost of the project involved.

For the 800 million dollar program, it was anticipated that 28 million dollars par your would be needed in normal times for annual contributions. Because of wortime conditions, however, only 15 million dollars has been used for annual contributions during each of the last two years.

THE ENTIRE COST TO THE PEDGRAL GOVERNMENT OF THE LOW-ROWT HOUSING TRO-GRAN IS LESS T AT THE ANNUAL CONTRIBUTIONS BY THE ANOUNT THE INTEREST FROM INC. CEEDS THE ADMINISTRATIVE COSTS OF THE UNITED STATES HAUSING AUTHORITY.

The objectives of the Housing Act must be achieved within the following important restrictions among others sat forth in the Act:

 No Loan or annual contribution can be made by the U. S. Housing Authority in etties having loss than 500,000 population, for a housing project costing more than \$\frac{9}{4}\$,000 per family dwelling unit, or \$\frac{1}{4}\$,000 per room (excluding land, describtion and non-dwelling facilities).

He loan or annual contribution can be made by the U. S. Housing
Authority for a housing project costing more than the average construction cost
of dwelling units currently produced by private enterprise in the locality, under
the legal building requirements applicable to the proposed site and under labor
standards not lower than those presented in the Housing act.

- All contracts pursuant to the Housing Act must contain a provision requiring payment of the wages or fees prevailing in the locality to all jersons employed in the development or administration of the housing project involved.
- 4. Assual contributions can be made by the U. S. Housing Justicity to housing projects involving the construction of new deallings only if the project includes the elimination, by demolition, effective closing or compulsory repair, of unanic and insmaltary deallings could in number to the number of new deallings in the project, except that each elimination may be deformed in two locality where come far me and to force themsess or exceptable of such families.
- 5. Annual centrifusions can be made by the U. S. Hensing Authority only when the State, County or Henlelpality in which the project is situated contributes in cash or tax exemption an assume equal to 20% of the Federal annual contribution.
- 6. Low-rent dwellings are available for occurancy only by families whose not income at the time of advised nodes not conced five times the rental including dwelling utilities, oracit that the ratio of income to rent shall not exceed 6 to 1 in the case of families having 3 or more minor dependents.
- 7. "Families of low income" means femilies in the lowest income group the cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decord, safe and sanitory dealings for their use.

NEW JERSEY LOCAL HOUSING ANYHORITIES LAW OF 1938

The New Jersey Local Howeing Authorities Liw (Chapter 19, Laws of 1938) contains this declaration of necessity of legislation --

"It is horeby declared:

- (a) That there exist in the State insultative or unside dwelling accommodations and that pursons of low income are forced to reside in such insultary or unsafe occemendations; that within the State there is c shortage of affe or suntary dwelling accommodation, available at rents which pears of low income can afford and that such pursons are forced to occupy overcreated and congested dwelling occemendation; but the effects and contitions cause an increase in and spread of disease and orise and constitute a mance to the health, safety, partie and wealther of the restinate of the facts and input occamies without, and these conference in the continuous continuous and purchased of the continuous c
- (b) That these areas in the State expect be cleared, nor can the shortage of sofe and smikry deallings for persons of low income be relieved, through the operation of private enterprise, and that the construction of housing projects for persons of low income (.s herein defined) would therefore not be competitive with private enterprise;
- (c) That the clearance, replanning and recombraction of the areas in which insentance or unafe housing conditions exist and the providing of safe and sanitary dwelling eccemendations by any public body for persons of low income are public uses and purposes for which public enoug may be spent and private property sequired and our governmental functions of State concern;

(d) That it is in the public interest that work on projects for such purposes be commenced as soon as possible in order to relieve unemployment;

And the necessity in the public interest for the provisions hereinafter enacted, is hereby declared as a matter of legislative determination."

Under the provisions of this Lew, the governing body of any municivality may create by ordinance a public corporation known as a flowing duthority. Such Authority shall constitute a body corporate and politic, an agency of the municipality. The governing body of the municipality shall appoint five persons to be Commissioners of the flowing Authority for flow-past terms, one term capturing control of the Authority are verted in the Commissioner when a serve with

The Housing Authority is empowered generally to carry out the purposes of the Local Housing Authorities Lew with specific mention of the powers, mongo others, to investigate housing conditions; to country-porty; to exercise the power of eminent demain; to construct, lease, and operate housing projects; to employ assistants and delegate its duties and powers; to berrow monay and to accept grants from the Federal Government; to insue bonds; to pledge its assets as security for its bonds.

The Housing Authority counci operate for profit. Its obligations are to obligations of the State or any political subdivision thereof. Its projects are two-count but it may make symmetric in Misu of twees. Its projects are subject to all planning, soming, sentiny, building and other local laws and regulations. Its deadlings may be locaed only to present of low income.